

Review Article

An Overview of Strategic Management Practices

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Received: April 12, 2018; Accepted: May 29, 2018;

Published: June 05, 2018

Abstract

The paper reviewed relevant literatures on strategic management practice. Being a conceptual paper, we start by highlighting the origin and meaning of strategy and strategy planning. This was followed by discussions on factors that affect strategy formulation, strategy implementation as well as factors bedeviling strategy implementation. Essentiality of strategic management practices as a radical improvement method was equally highlighted.

Keywords: Strategic management; Strategy planning; Strategy implementation

Introduction

The term strategy originated from a Greek word “strategos”, meaning army guidance from the position of Commander General. The use of this concept dates to at least 400 years B.C. (Ježak 1990). Prussian military general and theoretician Karl von Clausewitz argued that strategy is concerned of creation of the war plan and determination of war campaigns and individual undertakings under their scope (Pszczolowski 1976). The word “strategy” gains recognition in other fields of human activity, particularly in politics and, noticeably later, in economy. However, in the second half of the 19th century, down with development of the U.S. economy, phenomena of strategic element occurred. Business strategies caused speeding up of business development and resulted also in the changing of the modern management (Gliński, Kuc & Szczepankowski, 2000). This latter on led to the spread of the concept to corporate management.

There is no single definition of strategic management, which is generally acceptable (Markiewicz 2011). Despite all that, we present here some of the definitions found in the extant literatures. It is a top management activity, which deals with decisions making in, regards to the purpose of the organizational mission, vision, philosophies, objectives, strategies and well-designed policies. It also encompasses the development of long term plans for efficient management of environmental opportunities and threats in line with the organizational strengths and weaknesses (Sababu, 2007). According to Pearce and Robinson (1991), Strategic Management involves a combination of decisions and actions that guide toward the formulation and implementation of plans intended to achieve organizational objectives. Strategic management entails the planning, directing, organizing and controlling of firm’s strategies that reflects decisions and actions that enhances a company’s competitiveness. Irwin (1995) opined that strategic management is a business operating game plan game plan, for enhancing firm’s competitiveness, creating customer satisfaction and achieving targeted performances. Strategic management led to business continuous success, growth and competitive advantage brought about by implementing the predetermine plans efficiently and effectively. This action facilitates the means, through which organizations analyze the environment, create their desired position, fashion out appropriate strategies and implement them accordingly. Strategic management process entails understanding the strategic situation of an organization,

making strategic options for the future and turning strategy into action. It involves strategic analysis, choice and execution. More so, Porter (1985) opined that strategy is the aspirations and practices an organization employ in order to stay afloat amidst severe competition. A well-managed organization should have the ability to seriously find a place for itself in the contemporary competitive business environment [1]. Strategy is a management technique which gives an organization direction. This refers to holistic actions that are tailored towards actualizing the future of the organization. Porter (1980) affirmed that analysis of strategy or strategic analysis is part of strategic management method that examines the forces of the external environment, organization capability and expectation of stakeholders. Strategy execution is the conversion of strategy plans into action. It entails implementation of strategies and managing the resulting changes.

Components of strategic management

Rahimnia, Castka, and Sharp (2005) argued that similar types of strategies have been established across basically different organizations (publishing firms, automotive industries, hospitals, administration, ICT companies, and tertiary institutions) because they are of facing related environmental conditions notwithstanding of their internal organizational differences.

Strategic planning

According to Bryson (2004, p. 6). defines strategic planning as “an effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it” Much wider than program, project, budget, or operation planning’s, strategic planning is ‘big picture’ approaches that solve the most serious issues facing an organization’s long-term efficiency and effectiveness (Kemp, Funk, & Eadie 1993; Poister & Streib, 1999). Its usage has grown reasonably over the past decades, at all levels of government and agencies as they have recognized the need to respond to emerging issues promptly. Again they need to adjust to changing circumstances, and move into the future in a resolute in order to ensure continued viability and fit with a changing environment (Berman & West, 1998; Berry & Wechsler, 1995; Poister & Streib, 2005). Several procedures for conducting formal strategic-planning attempts have been postulated (Bryson, 2004; Denhardt, 1985; Eadie, 1983; Gibson, 1993; Kauf man & Jacobs, 1987; Nutt & Backoff, 1992; Pindur, 1992), but all advocates of strategic planning

Table 1: Definition of strategy implementation.

AUTHORS	DEFINITIONS
Floyd & Woolridge [25]	Strategy execution is the managerial activity that align organizational actions with strategic intentions or plans
Cespedes	Strategy execution or implementation involves a good planning that encompasses resource allocation and resolving of operational issues.
Hrebiniak & Joyce [10]	Strategy implementation is a sequence of interventions concerning organizational structure, vital personnel actions and control systems designed to control organizational performance with respect to the set goals.
Kotler [11]	Strategy execution is the process that change plans to actions assignment and make sure that such assignments are implementation in a manner that attains than plans and the stated objectives.
Bonoma	Strategy execution is turning the drawing board strategy into marketplace reality
Laffan	At the execution stage, a policy must be made clear non-operational details and resource s must be allocated amount programmes.
Favaro	Strategy implementation consists of all the decisions and activities required to turn the strategic choices into reality.
Aaker	The strategy execution phase involves converting strategy choices into an operational plan.
Jalali	It is a vibrant, iterative and multifaceted process, which is comprised of a series of decisions and activities by managers and subordinates that affected by a number of interrelated internal and external factors to turn strategic formulated plans into reality in order to achieve strategic objectives

give emphasis to the need for flexibility in fashioning the process to fit the circumstances and the organization’s needs at a specific time [2]. Nevertheless, strategic planning in the public organizations mostly incorporates the following common factors: identifying/clarifying mission and mandates, identifying core values, developing a vision of the future, assessing internal strengths and weaknesses, conducting an environmental scan and a situational analysis of how the agency relates to its environment. Furthermore, the organization need to identify the strategic issues facing the organization, establish strategic goals and objectives, develop and assess the feasibility of strategies for achieving those goals and objectives, create and implement action plans to move the strategies forward, and monitor and evaluate progress and update strategies as might be required.

Stages in strategic planning: According to [3] in Adeleke (2008), for proper formulation of strategic plans, the following stages are essential:

1. Environmental Analysis: this refers to an establishment of link between the internal and external environment that the organization need to do.
2. Resource Analysis: This connotes identifying the strength the strength of the organization and weakness of its rivals.
3. Determination of the Extent of the Required Strategy change: At the top management level, there should be a decision on to modify the existing strategy or not. Some scholars refer this as ‘performance gap’ (Owolabi & Makinde 2012).
4. Decision Making: This refers to what to do and how they should be done.
5. Implementation: Implementation entails resource allocation, adapting the organizational structure to suite the strategy as well as creating conducive environment appropriate for implementation the chose strategy implementation.
6. Control: For effective implementation, there must be proper control to ensure conformity.

Strategy formulation

Thompson and Strickland [4] define strategy formulation as a phase or sub-process of strategic management in which a firm creates its direction, defines its objectives and set a course for the organization

to follow. In addition, [5] posited that there are two main approaches for strategy formulation: plan or deliberate (design) and process (emergent). The planning or deliberate approach is a style of strategy formulation that is intentional and proactive. It connotes a conscious planning and is a result of formal and calculated efforts. In his opinion, Porter (1980) looks at the planned change from a design perspective, arguing that strategy development is the deliberate positioning of an organization through a sound analytical structure and directive procedures. The emergent school of thought considers strategy formulation as a constant, open ended and changeable process of aligning and realigning an organization to its change environment. They recognize the importance for organizations to arrange their internal practices to the external conditions. Furthermore, Mintzberg (1994) claim that realized strategy in organizations entails both planned and emergent approaches. He argued that organizations start with planned strategies, but subsequently environmental conditions set in leading to doing away with some of the initial strategies and adopting some new strategies along the way resulting of combination of both approaches. It is obvious that a poor or unclear strategy can adversely affect implementation efforts severely. Good implementation cannot overcome the inadequacy of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006).

Strategy implementation

Numerous studies confirmed that the type of strategy that is developed [6] and the actual method of strategy formulation that is, how a strategy is, developed [7] will certainly influence the result of its implementation. Alexander (1985) posited that the need to commence with a formulated strategy that involves a good idea or model is stated as the most often-in assisting successful implementation. Good execution naturally starts with good strategic input: the soup is only as good as the ingredients [6].

Factors affecting strategy implementation: From the extant literature, we can briefly highlight the following studies that discussed the factors associated with strategy implementation. One of the most popular and most cited is Waterman, Peters & Phillips [8] (implementation factors). From their findings, they suggest seven factors, namely strategy context, structure, system, style, staff, skills and subordinates as key implementation drivers. Even though Waterman et al. could define and explain these factors, they fail to clearly show how the factors co-relate and interact during the

implementation process [14]. Strategy execution and implementation are sometimes interchangeably used in the literature of strategic management. Nevertheless, for the purpose of this research, the phrase 'strategy implementation' is considered synonymously with 'strategy execution'. The latter is more predominantly used in business environment, while the former is mostly employed in academia [9].

Noble (1999) argued that several perspectives were taken by different strategy gurus to define strategy implementation. We present below some of these definitions as postulated by [10] and Laffan (1983). The following lists the different perspectives. From the above perspectives as presented by [10] describe strategy execution as strategic control; [11] opined that strategy is a process. Both Floyd and Woolridge (1992) opined that strategy implementation is an execution process; while Cespedes (1991) and Lffan emphasize that importance of resources and operational issues. But on the other hand, Thompson & Strickland (2003, p 356) defined strategy execution as "... implementation and executing strategy entails converting the organizations strategic plan into action and then into results". For this study, this definition will be employed (Table 1).

In his submission, Adegwah (2014) while assessing the implementation factors in selected secondary schools in Kenya identified four items that influenced strategy execution. These are managerial skills, organizational policies, resource allocation and reward /incentives [12]. Examined the factors responsible for strategy implementation in Saudi Arabian banks and came up with three main dimensions: process and personnel factors, project factors and organizational factors. From Iran, Ali and Hadi suggested four factors as inhibitors for effective strategy implementation in organizations. Communication, incentives change of organizational structure and competent employees are the four factors identifies by Ogunmokun and Hopper in Australia. Nyamboga and [13] discover five key factors that hinder successful strategy implementation, namely: inadequate funding, staff shortage, lack of training, inappropriate communication and lack of IT. Jame (2012) suggested four variables that he found to be the determinant of strategy implementation in the US gaming industry. The variables are strategy consensus, up to down communication, organizational structure and training. Yip (1992) advanced a framework comprising four factors that he argued affect organizational success in formulating and implementing strategies; organizational structure, culture, people and managerial processes [14]. Identified number of execution factors from a framework he formulated. He categorized the factors into four broad categories; content, context, process and outcome. Several other implementation studies could also be found in the available strategy literatures [15-17], summarized the major findings and came up with the following eleven main factors.

1. Strategy development
2. Environmental uncertainty
3. People
4. Leadership
5. Organizational culture
6. Operational planning
7. Organizational structure

8. Communication
9. Resource allocation
10. Control
11. Outcome

This list should never be considered as definite because several strategic management schools of thought have their own assumptions and suggestions (Ukumus & Roper 1999; Mintzberg, Ahlstrand, & Lambel, 1998 and Stacey 1996); also, environment matters a lot when it comes to strategy implementation [17].

Suitability of strategic management as a radical improvement tool for organizations

The suitability of strategy implementation as a management tool for improvement to the organizational context is of great significance. The process of strategic management could be of great benefit to manufacturing and service organizations. Strategic implementation is important for organizational performance. For strategic management to result in greater performance the steps in the progression need to be efficiently manage (Njagi & Kumbo 2014). A good strategy may give an organization a competitive advantage and equally increase its performance (Njagi & Kombo 2014). In their submission, Wright, McMahan and Mc Williams (1994) observed that strategic management plays a significant role in enhancing organizational performance in all types of organizations, large and small, international or domestic, diversified or single product and profit oriented or non- profit. Furthermore, it has been revealed in the extant literature that organizations, which implement its good strategies, generally do better than those that do not [18] Sharabati & Fuqaha 2014; Hassan, Qureshi, Sharif & Mukhtar 2013; Abu- Hassan, Tufali, Yusof & Virgiyanti 2011; Houtzschenreuter, & Kliendienat 2007; Umashankar & Dutta 2007). The main causes of failure of strategic management are implementation [19-22]. Strategic plans may fail to produce the desired results if failed to be implemented correctly. Hence Noble (1999) [22] argued that organizational strategies may be formulated using the best practice, yet these excellent strategies may fail woefully if not executed in the right way. Successful implementation of strategy is behind numerous positive outcomes in organizations, such as: higher customer satisfaction increases in customer loyalty, satisfying the need and demand of organizational stakeholders and give the organization an edge over its rivals. It will also increase productivity, improve quality and increase profit.

Conclusion

Strategic Management is becoming more and more pronounce in our contemporary period. Today, we are in a busy and fast period of change in all areas of our life. This process consistently changes especially the management domain is forcing managers to be ready to change at any moment and is rendering the conventional management practices less relevant. Strategic management is needed is situation were conventional norms are challenge and redefined [23-31]. During the strategic management process in an organization, such cases as leadership, structure, control systems, and human resources are the main focus as well as the techniques used by managers in implementing the defined strategy. Also, some other issues are the concern of this process such as the implementation

of strategies, and the leadership style which is consistent with the strategies, organizational structure, information and control systems, and human resources management. It is the strategic management which enables organizations to get an edge on their opponents within this process.

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